extension of this Agreement. The parties agree to commence discussions on or before [redacted]. In the event that no mutually agreeable extension is reached on or before [redacted], then this Agreement shall terminate and be of no further force and effect except for the requirement of [redacted] to continue to sell and HFC to continue to purchase in accordance with the terms and conditions hereof, those market hogs from facilities for which ten (10) years have not yet elapsed since the commencement of delivery to HFC.

(e) Notwithstanding the termination of this Agreement, HFC will continue to have a right of first refusal to purchase hogs from [redacted] as follows:

(1) The right of first refusal shall apply on a facility-by-facility basis. The right of first refusal shall be in effect for a period of thirty (30) months. The right of first refusal will commence upon [redacted] final delivery of market hogs from a facility and continue for a period of thirty (30) months. At the end of thirty (30) months from final delivery, the right of first refusal shall no longer apply to that particular facility.

(2) The right of first refusal shall apply to sixty percent (60%) of the market hogs produced by [redacted] and delivered to HFC from the above described facilities prior to termination of this Agreement.

(3) Any exercise of the right of first refusal by HFC shall be exercised in a timely manner, shall be consistent with the existing marketing plans of the parties and shall not materially impair [redacted] normal day-to-day operations.

(f) During each phase, if for any reason [redacted] sees that a setback in their production schedule of hogs is likely to occur or has occurred, such that [redacted] anticipates that it will fail to meet the quantity requirement committed to above, [redacted] will provide HFC with written notice as to the intended shortfall, and this Agreement will automatically be extended until hog numbers delivered to HFC meet the Procurement Agreement requirements.

2. PRICING

(a) HFC shall pay to [redacted] for the entire term of this Agreement a guaranteed minimum price. The guaranteed minimum price shall be the Cost Allowance Matrix, plus $1.50 per live hundred weight. The Cost Allowance Matrix costs will be subject to weekly changes based on an eight (8) week moving average of Omaha corn and Decatur/Central Illinois 44% soymeal prices. The Cost Allowance Matrix is for plant delivered hogs.

(b) Every Monday morning HFC shall determine the "Contract Price" for hogs delivered to it during the upcoming week. Contract Price will be determined as follows (Refer to Exhibit "A" for an example):

(1) The daily average of the prior week's (Monday - Friday) 11:00 a.m. HFC's Grade & Yield, plant delivered meat prices will be calculated.

(2) If the prior week's average price is less than or equal to the guaranteed minimum price, then the guaranteed minimum price becomes the Contract Price.

(3) If the prior week's average price is greater than the guaranteed minimum price, then the following distribution formula will apply: